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Chairman: Ms. Barrington (Vice-Chairman) ..... (Ireland)

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00-71200 (E)

In the absence of the Chairman, Ms. Barrington (Ireland), Vice-Chairman, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 92: Macroeconomic policy questions (*continued*)

(a) Trade and development (*continued*)

(b) Commodities (*continued*)

(c) External debt crisis and development (*continued*)

1. **Mr. Popov** (Belarus) recalling that the creation of a universal, fairer, and more transparent and predictable system of international trade was an agreed strategic objective for the international community, said that, for the majority of countries, the goals of fairness and predictability in international trade based on non-discriminatory principles had higher priority than those of universality and transparency. Unfortunately, unreasonably harsh protectionist, discriminatory and restrictive measures were still being applied to goods from developing countries and countries with transitional economies. He therefore shared the concern expressed by various representatives concerning attempts to use environment and labour protection standards for protectionist purposes.

2. There was also a disturbing tendency to expand the practice of anti-dumping investigations with respect to a number of goods from developing countries and countries with transitional economies. The use of economic coercive measures to exert political and economic pressure was inadmissible.

3. Full integration into the world economy and the new system of international trade was an urgent matter for many States. Developing countries and countries with economies in transition were offering wide access to their markets to companies from the developed countries, but reciprocal actions from the latter were often politically conditioned, and were rather the exception than the rule.

4. A new consensus relating to mutually acceptable principles of further integration would help developing countries and countries with economies in transition enter the multilateral trading system and would ensure fairer access to sources of development financing. The principles of fairness and gradual action should be applied to the integration of those countries into the multilateral trading system; those principles should be an integral part of all trade negotiations, including those relating to the entry of new members into WTO. Instead of making reform a condition for membership, it would be better if the negotiation process were used to support reforms in countries applying for membership. Moreover, the goals of genuine universality would be better served if WTO were to use all six official languages of the United Nations.

5. The success of the tenth session of the United Nations Conference on Trade and Development (UNCTAD) could be attributed to the fact that the texts of the final documents had taken into account, in a balanced way, the interests of various groups of countries. That approach should be followed for all urgent issues.

6. He hoped that the Secretariat of UNCTAD, taking into account the results of the forty-seventh session of the Trade and Development Board, would soon succeed in developing mechanisms to implement the plan of action adopted in Bangkok, to assist countries adapt their trade and political regimes to meet the challenges of globalization.

7. **Mr. Corpin** (Philippines) said that, in a globalizing world, the prosperity of the poorest was in the interests of all. The common good of mankind must therefore be the central overriding objective.

8. Debt relief and official development assistance (ODA) were complementary tools in the pursuit of an integrated development agenda. The disturbing trend in recent years of persistently low levels of ODA was a cause of concern, and he hoped that the developed countries would meet the United Nations target and assign 0.7 per cent of their gross national product to ODA. He commended those countries that had met the target, and hoped that they would continue their positive example.

9. He expressed concern at the slower-than-expected implementation of the enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative. A loss of momentum might be interpreted as a sign of weakening interest in the matter. Adequate funding must therefore be ensured to signal that debt relief for qualifying countries was complementary to ODA.

10. Debt crises were best prevented by minimizing the amount of debt incurred. The best engine for development was the private sector, and it was in the interest of developed countries, and indeed their obligation, to help in the economic development of their less developed brethren. His delegation was therefore encouraged by the progress made in convening the high-level intergovernmental event on financing for development in 2001.

11. It was important to devise concrete ways to enhance access to international resources and to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development. Those issues should be addressed at the forthcoming Third United Nations Conference on Least Developed Countries.

Agenda item 94: Sustainable development and international economic cooperation (*continued*)

(e) Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) (*continued*) (A/C.2/55/L.12 and L.13)

Draft resolution A/C.2/55/L.12

12. **Mr. Anaedu** (Nigeria) introduced draft resolution A/C.2/55/L.12, entitled "Scope to be covered by the special session of the General Assembly on the overall review and appraisal of the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II)".

Draft resolution A/C.2/55/L.13

13. **Mr. Anaedu** (Nigeria) introduced draft resolution A/C.2/55/L.13, entitled "Preparations for the special session of the General Assembly for an overall review and appraisal of the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II)".

Agenda item 95: Environment and sustainable development (*continued*)

(a) Implementation of Agenda 21 and the Programme for the Further Implementation of Agenda 21 (*continued*) (A/C.2/55/L.15)

Draft resolution A/C.2/55/L.15

14. **Mr. Anaedu** (Nigeria) introduced draft resolution A/C.2/55/L.15, entitled "Ten-year review of progress achieved in the implementation of the outcome of the United Nations Conference on Environment and Development".

(e) Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (A/C.2/55/L.14)

Draft resolution A/C.2/55/L.14

15. **Mr. Anaedu** (Nigeria) introduced draft resolution A/C.2/55/L.14, entitled "Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa".

16. **Mr. Ferguson** (Australia), speaking on behalf of the Cairns Group, namely Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay, expressed concern about the fact that world agricultural and agri-food markets remained highly distorted by export subsidies, high levels of domestic support and severely restricted access to markets and emphasized the urgency of concerted international action to implement the reform commitment embodied in the World Trade Organization (WTO) Agreement on Agriculture.

17. The Cairns Group welcomed the start of the mandated WTO agriculture negotiations, and had participated actively in them. Nothing was more important to countries which relied heavily on their agricultural sectors than achieving open, fairer and more market-oriented international agri-food and fibre markets. Improved market access and agricultural reform by developed countries were essential to unlock development. While development assistance remained essential, aid should not be a substitute for trade.

18. The WTO agriculture negotiations must deliver concrete and operational special and differential treatment provisions for developing countries. The Cairns Group asked all WTO members to reaffirm the commitment they had made to the task of achieving fundamental reform of world trade in agriculture based

on substantial progressive reductions in support and protection in order to realize tangible economic benefits, particularly for developing countries.

19. **Ms. Waldvogel** (Observer for Switzerland), expressed her country's support for the HIPC initiative, saying that her Government had sought to improve coordination between participating countries by helping them to improve their ability to analyse the situation and to develop a national strategy on debt and also by providing funds for the initiative. Debt relief must be linked to poverty eradication. The freed resources should be used to reinforce priority budget expenditure on health and education. Only a dialogue between State institutions and civil society could ensure the effective allocation of resources, and efforts should be made to improve budget transparency and encourage a public debate on budget issues.

20. Switzerland called on countries which had not yet done so to participate in the HIPC initiative and contribute financially to it. In order for a global programme to combat poverty to succeed it was essential to implement a debt reduction plan agreed within the framework of a reformed HIPC initiative.

21. **Mr. Klopotowski** (Poland) said that debt relief must be one of the pillars of global solidarity for development and poverty eradication. The HIPC initiative could have a very beneficial impact on the heavily indebted poor countries, but it must be properly managed. If it amounted only to clearing the books of creditors, its real impact on the development of the poorest countries would probably be very small. Worse still, if the creditors recorded the debt write-off at face value and correspondingly reduced other forms of aid which involved real resources, the final balance might turn out to be negative to the debtor countries. Thirdly, burden-sharing across creditors might lead the most exposed creditor countries unilaterally to reduce their development aid. All three situations must be avoided.

22. The main thing was to assess whether the very poor countries involved had any chance of gaining access to capital markets and to new outlets for their commodities. Experience showed that countries with very low per capita income often did not attract foreign investment. New financing seemed to be a necessary complement to debt relief, and a more ambitious and adequately financed HIPC initiative should therefore be a priority on the international agenda, and should be geared towards cancellation of ODA debts of all HIPCs and a very significant reduction of other bilateral official debts. Without an adequate debt relief programme it was hardly possible to expect real economic take-off by the poorest countries and a reduction of world poverty in the next 15 years.

23. Although facing many social and economic challenges as it concluded the process of transition to a market-based economy, Poland had joined the HIPC initiative at a cost of US$ 240 million. Poland had also developed its own system of development assistance for developing countries and countries with economies in transition: in 1999 its foreign aid had amounted to over US$ 36 million.

24. **Mr. Huang** Xueqi (China), said that the least developed countries faced a real danger of being marginalized and that in order to resolve the imbalances and inequalities in the globalization process, it was imperative to reform the international economic system. Although the multilateral trading system was a primary tool in facilitating economic globalization and trade liberalization, the interests of the developing countries were not being fully recognized and the trade concessions granted to them had been severely eroded. Unless something was done to rectify the situation the multilateral trading system would lose its credibility. It must therefore be reformed.

25. It was to be hoped that the new round of trade negotiations would start soon and that the developing countries would play a bigger role in those negotiations. The new round should focus on following up on the Uruguay Round negotiations. The developed countries should honour their commitments to provide greater and more stable market access to products and services of the developing countries and should adopt measures to ensure that products from the least developed countries were free of duties and quotas. They should increase their ODA, without imposing additional conditions, and they should provide more technical assistance and increase investments in the developing countries.

26. Now that China was about to become a member of the WTO it would be assuming its corresponding obligations on the basis of the principle of balanced rights and obligations. It would abide by WTO rules and regulations, and would play a constructive role in formulating and improving them. China would actively promote the establishment of a new international

economic order that was just and rational so as to allow more countries, including the developing countries, to share in the opportunities brought about by the multilateral trading system.

27. His delegation appreciated the efforts being made by some middle-income countries to write off the debts of developing countries, including African countries and welcomed the bilateral initiatives of other donor countries, and the HIPC initiative. However, it noted that the HIPC initiative had been submitted at a time when ODA had been reduced to its lowest level in history. His delegation strongly appealed to the international financial institutions and the developed countries to take further steps to reduce the debt burden of developing countries so that they could achieve their development goals, but emphasized that reducing the debt burden of developing countries should not be at the expense of ODA.

28. **Mr. Kpotsra** (Togo) asked how the countries of sub-Saharan Africa could possibly be expected to eradicate poverty when they were devoting to external debt-servicing between three and five times what they were able to spend on basic social services. Heads of State and Government, meeting at the Africa-Europe Summit in Cairo, in April 2000, had noted with deep concern that despite the numerous efforts that had been made to deal with the debt crisis at national, regional and international levels, Africa's external debt was growing at an annual rate of about 12 per cent. They had also noted that one of the consequences was that Africa had less access to private capital markets and had suffered a loss of confidence among investors, which had had a negative effect on economic growth, sustainable development and poverty eradication.

29. Africa's external debt crisis had been one of the key subjects considered by African heads of State and Government meeting at the 36th summit of the Organization of African Unity in July 2000. Following an in-depth analysis of the continent's social and economic situation, the Summit had requested creditors and the international community to adopt urgent measures to extend the HIPC initiative to all African countries as a step towards cancellation of the continent's external debt. The Summit also requested cancellation of all African external debt arrears prior to the new millennium on the understanding that the funds thus released would be used to combat poverty, particularly by improving social sectors and infrastructure rehabilitation. The OAU Summit also decided to establish a group of experts to help draw up specific measures to solve the debt problem and prepare a common African position on development financing.

30. In recent years the international community had taken a number of initiatives aimed at implementing effective solutions to the debt problem, yet there was still much to be done before the vicious circle of indebtedness was broken and the most heavily indebted developing countries were able to embark upon sustainable growth.

31. Dealing with the question of cancelling Africa's external debt was now urgent. The international community must strengthen and broaden the HIPC initiative and take preventive measures to ensure that unsustainable public and private debts did not accumulate. Africa's high level of debt was just one obstacle to the continent's economic take-off, and strategies to bring debt down to tolerable levels should be an integral part of an overall policy to enable Africa to finance its development.

32. **Mr. Kumamura** (Japan) said that his delegation was concerned at the views expressed in the report of the Secretary-General on international trade and development (A/55/396), specifically the view that there had been a lack of progress towards liberalization in trade sectors of particular interest to developing countries, and that there were significant imbalances between the rights and obligations of developing countries. The views expressed concerning the elimination of tariff peaks and escalations could prejudge the outcome of negotiations in the World Trade Organization. Furthermore, it could not accept any approach that would treat agricultural and other commodities under the same trade regime.

33. As for the issue of the transit environment of landlocked countries, the problems of transit transport constituted a fundamental hindrance to the development of such countries' trade initiatives by landlocked countries themselves and genuine partnership between landlocked and transit countries were equally essential. Those countries should work together to improve infrastructure and overcome other barriers to transit transport corridors, with appropriate financial and technical support from the international community.

34. Turning to the question of commodities, his delegation was of the view that the current deflated

prices were causing a decrease in real income for those developing countries largely dependent on commodities. Free market mechanisms alone might not always ensure stable and sustainable conditions for their economies, and support to those countries to enable them to participate in a rapid and accurate exchange of information on commodity markets should continue. Japan, as one of the largest importers of commodities, would continue to support the Common Fund for Commodities, to assist capacity-building in those markets. However, his delegation did not share in any assessments in the report that prejudged the outcome of WTO negotiations, nor could it accept the suggestion to eliminate agricultural support measures in developed countries.

35. On the subject of external debt, debt in itself was not disadvantageous, and developing countries could obtain far greater resources in the form of concessional loans than in that of grant assistance. Such loans enabled the countries to improve their economic infrastructure, which, in turn, attracted private financial flows and boosted economic growth. On the other hand, debt relief was needed for those poor countries whose debt had reached an unsustainable level. There were complex issues behind the delay in implementation of the enhanced HIPC initiative, including conflicts and internal political disturbances in debtor countries. Japan was also providing technical assistance in the implementation of structural adjustment programmes and the preparation of poverty reduction strategy papers. At the same time, creditor countries must raise funds to reduce multilateral debt.

36. Debt relief was important, but it was not a panacea for the problems of developing countries. Rather, those countries needed to pursue appropriate economic and development policies so as to achieve rapid, sustainable and equitable growth.

37. **Mr. Abreha** (Ethiopia) said that the international community had long recognized the need for mobilization of financial resources to Africa in order to reduce poverty and raise the overall standard of living. However, with annual growth in GDP of only 2.1 per cent during the 1990s, the rate was far lower than the 7 per cent needed to halve poverty by 2015.

38. While the international community had designed various strategies to alleviate the debt burden of developing countries, none of them had yet resolved the problem. In Africa, a large proportion of resources were allocated for debt service, with a severe adverse impact on investment and renewed growth. A debt relief strategy that addressed those aspects of the debt burden of Africa would begin a positive chain reaction of investment in infrastructure which would create a favourable climate for private investment and job creation.

39. His delegation welcomed the enhanced HIPC initiative, although it needed further measures to take into account the link between the resources participating countries would retain and the challenges they faced regarding poverty eradication. The objective of the initiative should be to enable those countries to make a dent in poverty rates, and not solely to enable them to pay their debt obligations on a sustainable basis. For a permanent exit from the debt burden, cancellation of external debt and arrears would be necessary, and his delegation welcomed the commitment by an increasing number of creditor countries to grant even deeper relief than under the Cologne terms. It was concerned, however, at the slow rate of implementation of the initiative and the fact that its trust fund was not yet fully financed.

40. The development challenges in Africa were daunting, and the international community could not rely on debt relief alone for poverty alleviation. Additional resources through official development assistance were crucial, and would help to attract additional private investment. It was ironic that the sharp decline in that form of assistance had occurred during the 1990s, the decade which had seen the series of global conferences on social and development issues.

41. Export earnings were another key source of financing for development, but most developing countries depended on commodities for export earnings. Export diversification, removal of supply side constraints and market access were areas needing international cooperation. His delegation called for the speedy implementation of the Integrated Framework for Trade-related Technical Assistance, which had been launched in 1997.

42. The international community must seize the momentum created by the Millennium Summit to accomplish its poverty reduction objectives through a comprehensive approach to the financing requirements of developing countries at the high-level intergovernmental event on financing for development.

43. **Mr. Al-Haddad** (Yemen) said that, as noted in the report before the Committee (A/55/396, para. 3), subsequent to the Third World Trade Organization (WTO) Ministerial Conference, the most important policy challenge was how to formulate effective and sustained responses to the concerns of developing countries. While those countries expressed full confidence in the merits of the multilateral trading system, they also believed that current WTO agreements were unbalanced and offered them inadequate benefits and opportunities. A major concern was that progress towards full liberalization in sectors of particular concern to them was slow. Further concerns were protectionist policies and the failure of major trading partners fully and faithfully to meet their obligations.

44. His delegation therefore supported the policy approaches formulated at the Ninth Ministerial Meeting of the Group of 77 and China held in Marrakech in September 1999. The special and differential provisions of WTO multilateral trade agreements, which largely remained unimplemented, must be operationalized if developing countries were to derive the expected benefits. There was an urgent need to incorporate the agricultural trade sector within normal WTO rules and for developed countries to open their markets to the exports of developing countries. Exports from the least developed countries must be provided with duty-free and quota-free access. He therefore welcomed the proposals put forward by the European Union and other States at the WTO General Council meeting in May 2000 concerning such access.

45. Developing countries were particularly concerned about the elimination of tariff peaks, the abuse of anti-dumping, sanitary and phytosanitary regulations and technical barriers to trade. Special measures must be taken by industrialized countries to encourage the transfer of technology to and investment in developing countries. The "positive agenda" initiative pursued by the secretariat of the United Nations Conference on Trade and Development (UNCTAD) was highly commendable and had already produced results.

46. As stated in the report of the Secretary-General (A/55/396), Yemen was one of nine of the least developed countries that were in the process of acceding to WTO, and it had for some time been making every effort to fulfil all the necessary requirements. Yemen shared the concern of other least developed countries regarding disproportionately high levels of obligations, and hoped to receive capacity-building assistance that would help it to achieve its goal. The situation of countries such as Yemen called for special attention and their accession on balanced terms must be facilitated.

47. **Mr. Rim** Song Chol (Democratic People's Republic of Korea) said that the total external debt of the developing countries now stood at $2.5 trillion. In particular, the heavily indebted countries, who owed $201 billion, were in dire straits, since their debt to export ratio was 345 to 1.

48. In accordance with the agreement reached by the Group of Eight industrialized countries at their 1999 Summit in Cologne, a number of Paris Club creditors were taking substantial measures to reduce the debts of developing countries, which encouraged them in their efforts to speed up economic development and eradicate poverty. There should be no strings attached to debt reduction or debt cancellation. All debt-relief measures must be directed at accelerating development and eradicating poverty.

49. **Mr. Yepez Lasso** (Ecuador) speaking on behalf of the countries of the Andean Community, Bolivia, Colombia, Ecuador, Peru and Venezuela, said that firm political will of those peoples had fostered the process of Andean integration. Currently, the free-trade area among four of those countries had become a reality and Peru would become a full member in 2005. Trade within the Community, especially of manufactured goods, had increased significantly and had been a factor in attracting increased foreign direct investment. Progress had also been made towards a common foreign policy that included joint negotiations on economic and trade issues.

50. The Community had strengthened its relations with the Common Market of the Southern Cone (MERCOSUR), and it would continue its negotiations for the formation of a free trade area with enormous potential that would constitute a main focus for regional development. It was continuing to participate in the sensitive and complex negotiations for a Latin American free trade area. In its discussions with the European Union, the Community had outlined four focal points: political dialogue, preferential access to the European market, development cooperation and combating drug trafficking. It was also exploring possibilities to strengthen relations with the Russian

Federation, the countries of the Pacific Basin and China.

51. The Community firmly believed in a multilateral trading system with transparent and predictable rules, and therefore it supported a new round of multilateral trade negotiations that would include all sectors. It was striving to face the challenges of globalization in a way that would promote the development of its peoples within a framework of democracy and social justice.

52. **Mr. Mwakawago** (United Republic of Tanzania), speaking on behalf of the Southern African Development Community (SADC), said that as Africa, particularly SADC countries, moved towards fully implementing the World Trade Organization (WTO) rules on commodities, there was a need for a package of financial and technical assistance to assist them in building capacity and improving their trade performance. At the same time, a higher level of cooperation would enable the countries of the region to more effectively address problems with respect to national development and to cope with the challenges posed by a changing and increasingly complex regional and global business environment.

53. In recognition of those facts, the SADC trade protocol, which provided for the gradual establishment of a SADC free trade area over a period of eight years, had been negotiated and concluded. SADC had also agreed to set up a dispute-settlement mechanism and other institutional mechanisms for the implementation of the trade protocol to manage the free trade area. Recognizing that they continued to play a marginal role in the world economy because of their general underdevelopment, member States had put increased emphasis on measures aimed at creating a conducive climate for investment, inter alia by instituting economic reforms.

54. He called upon the international community to seriously address the problem of prolonged declines in commodity prices which, if allowed to go unabated, would dampen the global prospects of a large number of SADC countries and undermine their efforts at domestic policy reforms, debt restructuring and external resource mobilization. The commodity prices of developing countries should be stabilized and commodity-producing countries should be assisted in their efforts to diversify the commodities produced. Furthermore, all forms of tariffs on commodities of export interest to developing countries should be removed and all technical barriers to exports of developing countries abolished. Developed countries were urged to increase their contributions to the Common Fund for Commodities in order to enable it to work more effectively and efficiently towards assisting developing countries.

55. Heavy debt burdens had reduced the capacity of developing countries to provide basic services to their people, leading to considerable misery and suffering. Although they had undertaken painful economic reforms, those countries had been unable to attract much foreign investment for development activities. In the case of the SADC region, member countries devoted a high proportion of Government revenue to debt servicing with the consequent risk of social and political instability. He therefore urged the region's development partners to find an effective solution to the problem of indebtedness. In that regard, SADC welcomed the greater international awareness of the need to address the problem and hailed the heavily indebted poor countries (HIPC) debt initiative as a step in the right direction. However, in order for that initiative to benefit more countries, particularly the least developed countries, its criteria for eligibility should be made more flexible and the conditionalities should be further relaxed. A comprehensive and durable solution must be found to the debt problem and should include debt cancellation.

56. **Ms. Jarbussynova** (Kazakhstan) said that her country continued to give priority attention to the development of a transit-transport system in the landlocked States of Central Asia. Due to their unique geographical location, those States found it extremely difficult to get access to world transport routes. As a result of increased globalization, trade to or through central Asia was hampered by prohibitive transport costs which, in many cases, accounted for up to 60 per cent of the value of manufactured imports. In that regard, she welcomed the special emphasis in the Millennium Declaration on the specific problems and development needs of landlocked countries.

57. Kazakhstan needed reliable means of transport for the export of its mineral resources; it also needed equipment for its oil and gas pipelines. Her country was awaiting the early implementation of the Caspian Pipeline Consortium project in order to be able to exploit the enormous prospects of the Caspian Sea, especially the Kashagan oilfield, which was the largest

oilfield discovered in the last 30 years with projected reserves of 7 billion tonnes of high-quality oil.

58. Her Government was currently focusing on constructing a transport network that would eventually be integrated into the world system. In that regard, she viewed the work being conducted by the United Nations Conference on Trade and Development (UNCTAD) to elaborate a programme for improving the efficiency of transit shipments in the central Asian States as an important part of the United Nations effort to promote the integration of the countries of the central Asian region into the world economy.

59. The Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific had developed a joint Special Programme for Economies of Central Asia (SPECA), covering all priority issues facing the region, including the development of transit transport capacity and multiple pipeline systems. She urged the international donor community to contribute to the SPECA programmes and to promote the economic growth of Kazakhstan and other States in central Asia. International support would contribute to the harmonious integration of Kazakhstan and other landlocked States in Central Asia into the world economy.

60. **Mr. Yauvoli** (Fiji) said that, in the current world of globalization and integration, trade had become the dominant tool of development. His Government attached great importance to trade liberalization, and had undertaken the liberalization process before becoming a member of the World Trade Organization in 1996. As part of that process, Fiji had simplified its tariff structure, trimmed its public sector and restructured its financial sector. Nevertheless, it was grappling with the reality that more sacrifices would be needed before it could fully realize the potential gains from globalization and trade liberalization.

61. Fiji had a small-island economy based on a few agricultural commodities, minerals, tourism and light manufacturing. Its geographical location severely constrained its ability to sustain economic development, due to hurricanes, floods and droughts combined with its limited natural resources, small labour force and remoteness from major export markets.

62. His delegation reaffirmed its full confidence in the ability of the multilateral trading system to formulate effective and sustained responses to the concerns of developing countries, but it was concerned at the pace of the process. Because most developing economies depended on one or two commodities exported under preferential trade agreements, they needed time to adjust and diversify, with targeted development and financial assistance to sustain the cost of those adjustments. The social dislocations brought about by a failure to recognize that need could trigger political instability and prolong the hardships of the people. His delegation therefore urged the United Nations system and the international community to provide effective assistance to mitigate the cost of such adjustments.

63. His delegation was pleased that the WTO had recognized the principle of special and differential treatment as an integral part of future negotiations. However, that principle must be based on a pragmatic approach to ensure that it would be implemented in a more substantive and cost-effective way. Finally, his delegation welcomed the positive efforts of some developed economies to allow duty-free access of exports from the least developed countries.

64. **Ms. Lachance** (Canada) said that high debt burdens continued to represent a critical obstacle to poverty reduction in many developing countries. Debt payments displaced spending on health, education and other social sectors. Noting that 11 countries had reached their decision point under the enhanced HIPC initiative and were receiving relief, she said that more needed to be done. When Canada had agreed to the enhancement of the HIPC initiative in the previous year, it was on the understanding that the poverty reduction strategy papers would be put at the heart of the process. The experience to date made it clear that the development of a comprehensive, broad-based strategy was tremendously complicated and time-consuming. It was important to ensure that expectations were realistic and that ways were found to be more flexible in linking poverty reduction strategies to debt relief, particularly if the country had a solid track record of implementing economic and social policies.

65. Canada had committed Can$ 215 million to the debt relief trust funds, Can$ 65 million at IMF and Can$ 150 million at the World Bank and was the second largest paid-in bilateral donor with 18.5 per cent of the paid-in total. Her delegation urged others to provide timely contributions to the HIPC trust funds to avoid delaying debt relief to deserving countries. As

part of the 1999 Canadian debt relief initiative, Canada had also pledged to unilaterally forgive 100 per cent of bilateral debts in the context of the HIPC initiative.

66. Canada had long been an advocate of debt relief for the poorest and it would continue to work towards removing heavy debt burdens that were obstacles to development and further spending on priority areas such as health and education. Canada remained committed to the principle that debt relief should be used as part of an overall strategy for poverty reduction.

67. **Mr. Musambachime** (Zambia) said that as long as external debt for the poorest developing countries remained at unmanageable levels, the objective of reducing poverty, improving the delivery of social services and achieving sustainable economic development would remain a mirage. His Government had committed itself to reducing poverty levels from the current 70 per cent to 50 per cent. In that regard, the Government, in consultation with the International Monetary Fund and the World Bank, was preparing a poverty reduction strategy paper to develop programmes and strategies for poverty reduction. In an attempt to improve the delivery of social services, his Government had committed itself to increasing the national budget expenditure in the social sectors.

68. Zambia's objectives of reducing poverty, improving the delivery of social services, including the preventive and curative activities relating to the HIV/AIDS pandemic and the stimulation of economic growth, would be difficult to achieve unless the country's external debt was cancelled or drastically reduced. Its current total stock of external debt at the end of March 2000 stood at US$ 6,419.2 million. The savings from debt reduction or cancellation would go a long way towards enabling the country to achieve some of its objectives.

69. Zambia was currently being considered for supplementary debt relief from both bilateral and multilateral creditors under the enhanced HIPC initiative. In that regard, his delegation recommended that the procedures for accessing the initiative should be simplified. Moreover, the debt of the highly indebted countries should be cancelled altogether in order to enable them to use the resulting savings to reduce poverty, improve the delivery of social services and stimulate economic growth.

The meeting rose at 5.30 p.m.